

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Priority Mail
Priority Mail Contract 187

Docket No. MC2016-79

Competitive Product Prices
Priority Contract 187 (MC2016-79)
Negotiated Service Agreement

Docket No. CP2016-104

PUBLIC REPRESENTATIVE COMMENTS ON
REQUEST OF THE UNITED STATES POSTAL SERVICE TO ADD
PRIORITY MAIL CONTRACT 187 TO THE COMPETITIVE PRODUCT LIST

(February 26, 2016)

The Public Representative hereby provides comments pursuant to Order No. 3086.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on the Postal Service's request to add Priority Mail Contract 187 to the competitive products list.

Discussion

Under 39 U.S.C. § 3642(b) the criteria governing Commission review are whether the product (1) qualifies as market dominant, (2) is covered by the postal monopoly and therefore precluded from classification as a competitive product, and (3) reflects certain market considerations, including private sector competition, the impact on small businesses, and the views of product users. The Public Representative finds that the Postal Service makes reasonable arguments toward satisfying these considerations.

¹ PRC Order No. 3086. Notice and Order Concerning the Addition of Priority Mail Contract 187 to the Competitive Product List. February 19, 2016.

Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the financial models filed under seal with the Postal Service's Request², it appears the negotiated prices in the contract should generate sufficient revenues to cover costs and thereby satisfy the requirements of section 3633(a).

The contract is expected to remain in effect for a period of three (3) years.³ The Public Representative also notes the contract's unique provisions located under seal which are exercisable during the contract period.⁴ The Commission should be aware of this unique characteristic and analyze accordingly.

Conclusion

The Public Representative has reviewed the Postal Service's Request, Statement of Supporting Justification, attached contract and financial models filed under seal, Certification of Compliance with 39 U.S.C. 3633(a), and the Postal Service's proposed revised changes to the Mail Classification Schedule (MCS). Based upon that review, the Public Representative concludes that Priority Mail Contract 187 satisfies the criteria of sections 3642(b) and 3633(a), concerning the classification of new competitive products and rates for competitive products, respectively.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

² Request of the United States Postal Service to Add Priority Mail Contract 187 to Competitive Product List and Notice of Filing (under seal) of Unredacted Governors' Decision, Contract, and Supporting Data. February 18, 2016.

³ The contract may be (1) terminated by either party with 5 days' notice to the other party in writing, (2) terminated or canceled in writing by either Party with thirty (30) day's notice, (3) renewed by mutual agreement in writing (4) amended in writing mutually agreed to by the Parties, superseded by a subsequent written agreement between the Parties, (5) ordered by the Commission or a court, or (6) required to comply with subsequently enacted legislation. . Attachment B at 4.

⁴ See Section II of Shipping Services Contract (under seal). Page 4.

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